

Message Text

CONFIDENTIAL

PAGE 01 QUITO 01202 191931Z

61

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05

L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03 SP-02

SS-15 STR-01 TRSE-00 FRB-03 FEA-01 AGR-05 /082 W

----- 099429

R 191742Z FEB 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 4512

INFO AMCONSUL GUAYAQUIL

CONFIDENTIAL QUITO 1202

E.O. 11652: GDS

TAGS: ENRG EINV EC

SUBJECT: NORTHWEST PIPELINE NEGOTIATIONS WITH CEPE

1. AFTER SEVERAL DAYS OF LONG NEGOTIATING SESSIONS, ONE OF THEM TWENTY-SEVEN HOURS IN DURATION, NORTHWEST PIPELINE EXECUTIVES DEPARTED QUITO ON FEBRUARY 18 WITH A SIGNED AGREEMENT. IT IS A PRELIMINARY ASSOCIATION CONTRACT AND WILL REQUIRE FURTHER TALKS BEFORE A FINAL CONTRACT IS APPROVED.

2. NORTHWEST PIPELINE PRESIDENT INDICATED TO EMBASSY THAT COMPANY WOULD PLAN TO CONSTRUCT 1500 TON PER DAY AMMONIA FERTILIZER PLANT AFTER ESTABLISHING THAT SUFFICIENT GAS RESERVES ARE AVAILABLE. PLANT WOULD BE 51 PERCENT CEPE-OWNED. \$150 MILLION WAS MENTIONED AS THE INVESTMENT REQUIRED. IF RESERVES JUSTIFY AN ADDITIONAL PROJECT THIS WILL BE AN LNG PLANT WITH OUTPUT TO BE MARKETED BY NORTHWEST PIPELINE.

3. ON THE ADA COMPENSATION QUESTION, NORTHWEST PIPELINE PRESIDENT DURING CALL ON AMBASSADOR FEBRUARY 14 SAID THAT VALUE OF ADA'S PREVIOUS INVESTMENT TO NORTHWEST PIPELINE LIES SIMPLY IN THE FACT THAT ADA PROVED THE EXISTENCE OF GAS IN GULF OF GUAYAQUIL. HE SAID THAT IN DEVELOPING THE FIELD IT WOULD BE ALMOST AS COSTLY

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 01202 191931Z

TO REOPEN THE ADA WELLS AS TO DRILL NEW ONES. HE WAS NOT MUCH

IMPRESSED BY ADA'S TECHNICAL DATA FROM WHAT HE HAD SEEN. FROM HIS PRIOR KNOWLEDGE OF ADA AND PREVIOUS DEALINGS WITH ADA HE SAID HE DID NOT EXPECT THE QUALITY TO BE VERY HIGH. HE SAID NORTH-WEST PIPELINE THEREFORE IS NOT PREPARED TO PUT UP A LARGE SUM IN COMPENSATION FOR PRIOR ADA INVESTMENT. ITS DEALINGS ON THIS SUBJECT WILL BE WITH THE GOE IN ANY CASE AND NOT WITH ADA DIRECTLY. HE ADDED THAT THE RELATIVELY HIGH ROYALTY (18 PERCENT) OFFERED BY NORTHWEST PIPELINE AND THE 51 PERCENT GOE STAKE IN THE CONTEMPLATED AMMONIA PLANT ARE SUFFICIENTLY CONCESSIONARY THAT THE GOE CAN, IF IT WISHES, PAY A LARGER SUM TO ADA THAN NORTHWEST PIPE-LINE IS PREPARED TO PUT UP.

BREWSTER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TREATY SIGNATURE, CONSTRUCTION, GAS RESERVES, NEGOTIATIONS, CONTRACTS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975QUITO01202
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750059-1018
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750231/aaaabcak.tel
Line Count: 73
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2003 by ElyME>; APPROVED <04 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NORTHWEST PIPELINE NEGOTIATIONS WITH CEPE
TAGS: ENRG, EINV, EC, NORTHWEST PIPELINE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006